



Office of Health Care Access Certificate of Need Application

Final Decision

Applicants: Bridgeport Hospital
St. Vincent's Medical Center

Docket Number: 05-30499-CON

Project Title: Proposal to Change the Ownership for PET-CT Service at Bridgeport Hospital and St. Vincent's Medical Center to develop a Joint Venture LLC for PET-CT Service

Statutory References: Section 19a-638 of the Connecticut General Statutes

Filing Date: October 18, 2005

Decision Date: January 11, 2006

Default Date: January 15, 2006

Staff Assigned: Paolo Fiducia

Project Description: Bridgeport Hospital ("BH") and St. Vincent's Medical Center ("SVMC"), propose to change the ownership for PET-CT services at Bridgeport Hospital and St. Vincent's Medical Center and develop a Joint Venture Limited Liability Company ("LLC") for PET-CT service located in Bridgeport, Connecticut, with no associated capital expenditure.

Nature of Proceedings: On October 18, 2005, the Office of Health Care Access ("OHCA") received from Bridgeport Hospital ("BH") and St. Vincent's Medical Center ("SVMC"), collectively termed the "Applicants", a Certificate of Need ("CON") application seeking authorization to change the ownership for PET-CT services at BH and SVMC and develop a Joint Venture Limited Liability Company ("LLC") for PET-CT service located in Bridgeport, Connecticut, with no associated capital expenditure. The Applicants are health care facilities or institutions as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

Pursuant to Section 19a-638, C.G.S., a notice to the public concerning OHCA's receipt of the Applicants' Letter of Intent was published in *The Connecticut Post* of Bridgeport on June 5, 2005. OHCA received no responses from the public concerning the Applicants' proposal. Pursuant to Public Act 05-75, three individuals or an individual representing an entity with five or more people had until November 8, 2005, the twenty-first calendar day following the filing of the Applicants' CON Application, to request that OHCA hold a public hearing on the Applicant's proposal. OHCA received no hearing requests from the public by November 8, 2005.

OHCA's authority to review and approve, modify or deny the CON application is established by Section 19a-638, C.G.S. The provisions of this section, as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

Findings of Fact

Clear Public Need

Impact of the Proposal on the Applicants' Current Utilization Statistics **Proposal's Contribution to the Quality of Health Care Delivery in the Region** **Proposal's Contribution to the Accessibility of Health Care Delivery in the Region**

1. Bridgeport Hospital ("Hospital or BH") is an acute care general hospital, located at 267 Grant Street in Bridgeport, Connecticut. (*May 6, 2005, Letter Of Intent, page 2*)
2. St. Vincent's Medical Center ("Hospital or SVMC") is an acute care general hospital, located at 2800 Main Street in Bridgeport, Connecticut. (*May 6, 2005, Letter Of Intent, page 2*)
3. The Applicants' proposed service area consists of the following town/cities: Ansonia, Bethel, Bridgeport, Derby, Easton, Fairfield, Milford, Monroe, Newtown, Orange, Redding, Seymour, Shelton, Stratford, Trumbull, Weston, Westport, and Wilton. (*October 3, 2005, Initial CON Submission, page 10*)
4. The Applicants propose to change the ownership for PET-CT services at BH and SVMC and develop a Joint Venture LLC to offer Positron Emission Tomography ("PET") and PET-CT scanning services to residents and referring physicians in the proposed service area. (*May 6, 2005, Letter Of Intent, page 8*)
5. The Applicants state that the proposed service will be an integral diagnostic component of the comprehensive oncology and cardiac programs currently offered by the two hospitals. (*May 6, 2005, Letter Of Intent, page 8*)
6. The proposed joint venture will consist of two phases:
Phase I: Will combine the mobile PET-CT services provided by the two hospitals into a single coordinated service operated and managed by a single combined entity.

Phase II: Will involve requesting OHCA approval to convert the two mobile services into a single shared fixed-site PET-CT.

Initially the LLC will be owned by the two hospitals. Eventually the ownership will be expanded to include the physician groups providing radiology services to the two hospitals. (*May 6, 2005, Letter Of Intent, page 8*)

7. The Applicants state that this CON application seeks approval of Phase I of the proposed joint venture which will be the establishment of a LLC ("The Southern Connecticut PET-CT, LLC"), which will offer mobile PET-CT services at both hospitals on different days during the week. The current mobile unit will continue to be used by each hospital, but all administrative and billing functions will be combined and operated under the LLC. (*October 3, 2005, Initial CON Submission, page 8*)
8. Currently the Applicants offer PET-CT services via a mobile unit through their participation in the Fairfield County Mobile PET Collaborative ("The Collaborative"). The Collaborative consisting of The Stamford Hospital, Norwalk Hospital, St. Vincent's Medical Center, Bridgeport Hospital, and Danbury Hospital is an informal collaboration formed with the participation of OHCA, to provide PET and currently PET-CT services to those patients seeking care from a Fairfield County Hospital. The Collaborative was officially recognized pursuant to the Agreed Settlement issued by OHCA on June 11, 2001 (Docket Number 00-509) and received approval to use one mobile PET scanner. (*October 3, 2005, Initial CON Submission, page 8*)
9. The Applicants have been providing mobile PET services since the fall of 2002 and PET-CT services since August 2005¹. Participation in the Collaborative has enabled both hospitals to introduce PET technology to the market place without making a major capital investment. (*October 3, 2005, Initial CON Submission, page 8*)
10. The Applicants state that the purpose of the LLC is to improve access, minimize duplicative functions, streamline operations and offer high quality PET-CT services. These factors are discussed below:
 - The proposed joint venture PET-CT service seeks to improve access to PET-CT services to service area residents by establishing a single PET-CT entity for Greater Bridgeport which will coordinate appointment scheduling for all patients. The mobile PET-CT scanner is located at St. Vincent Medical Center each Friday and Bridgeport Hospital every other Monday. Patients will be able to schedule an appointment for either location by calling a single telephone number. This central scheduling function will facilitate appointments more quickly for all patients thus improving access to the service.
 - The LLC will permit the creation of a single administrative structure and billing function for PET-CT services offered by the two hospitals.

¹ In August of 2003, the Collaborative received OHCA approval (Docket Number: 02-584) to add a second PET scanner to permit two hospitals to offer the service on the same day of the week and to allow the hospitals to add an additional day of service when required. In addition, OHCA also approved the upgrade of the two mobile PET scanners to PET-CT.

- The combined expertise and resources of both institutions will help to strengthen the clinical oversight and quality review of the program. A management committee will be developed and will consist of representatives from each institution with rotating leadership positions. Quality improvement efforts will be enhanced with the collective efforts of clinicians and administrators from both institutions.
(October 3, 2005, Initial CON Submission, page 10)

11. The Applicants presented the following list of current service area providers:

Table 1: Current service area providers

Description of Service	Provider Name and Location	Hours and Days of Operation	Current Utilization
Fixed PET	Advanced Radiology Consultants Trumbull, CT	Monday-Friday 9am-5pm	Not Available
Mobile PET-CT service	Bridgeport Hospital Bridgeport, Ct	Every other Monday 8am-5pm	84*
Mobile PET-CT service	St. Vincent's Medical Center Bridgeport, CT	Every Friday 7am-5pm	381*

*Represents PET scans for 2005 annualized volumes based on 3 quarters actual.
(October 3, 2005, Initial CON Submission, page 11)

12. The Applicants state that currently there are no other existing providers of PET-CT services in the service area. Advanced Radiology Consultants provides PET scanning, but not PET-CT. Health Center Imaging, LLC (Docket Number: 02-545, Docket Number: 05-25546-MDF) was approved for a cardiac only PET-CT service in Trumbull, CT². *(October 3, 2005, Initial CON Submission, page 10)*

13. The following table shows the historical PET volumes at Bridgeport Hospital and St. Vincent's Medical Center from fiscal year ("FY") 2003 through FY 2005:

Table 2: Total Historical PET Scans Volume

	FY 2003	FY 2004	FY 2005*
St. Vincent's Medical Center	324	368	381
Bridgeport Hospital	287	296	84
Total Scans	611	664	465

*Annualized based on 3 quarters actual. Volume dropped precipitously following the opening of Advanced Radiology Consultants PET scanner due to its five day/week availability.
(October 3, 2005, Initial CON Submission, pages 11 & 12)

² Health Center Imaging, LLC commenced operation in December 2005, pursuant to Docket Number; 02-545 and later modified under Docket Number: 05-25546-MDF.

14. The following table shows the projected PET-CT volumes for the LLC from fiscal year ("FY") 2006 through FY 2008:

Table 3: Total Projected PET-CT Scans Volume

	FY 2006	FY 2007	FY 2008
St. Vincent's Medical Center	390	400	410
Bridgeport Hospital	150	175	200
Total Scans	540	575	610

- Increases in volume are not incremental to the project.
- Volume projections for the next three years are projected to increase 2% between FY 2005 and FY 2006 and then 3% per year between FY 2006 and FY 2008 based on historical utilization. SVMC's volume is predominantly oncology related scans.
- BH's scan volume is projected to reach 150 in FY 2006, 175 in FY 2007 and 200 in FY 2008. Scan volume is expected to be predominantly oncology related. These increases are based on the fact that PET-CT technology is now available and will be viewed as superior to PET alone by many referring physicians.
- Projected volumes for the LLC for the next three years do not include cardiac MPI (Rubidium) volume. Cardiologists are not requesting use of the scanner at this time. The Applicants stated that since the technology is new to the area, it will take a few years to gain acceptance by cardiologists. *(October 3, 2005, Initial CON Submission, pages 11 & 12)*

15. The Applicants state that the proposed LLC will not require licensure by the Department of Public Health. The LLC will apply to Medicare for certification as an Independent Diagnostic Testing Facility ("IDTF"). The IDTF represents the only structure available under Medicare to provide this joint service. Once the LLC is established and operational, the Applicants will begin the process of identifying a location which can support a fixed PET-CT scanner. The LLC will then request CON approval from OHCA for a fixed scanner at a new location. *(October 3, 2005, Initial CON Submission, pages 8 & 9)*

16. The Applicants state that the proposed entity will be a not for profit limited liability company and initially will consist of two members, Bridgeport Hospital and St. Vincent's Medical Center. The LLC's management structure will consist of a sole manager. BH and SVMC will each serve as the LLC sole Manager for alternating one (1) year terms. BH will serve as the initial Manager. Medical direction will be provided by Radiologists (Nuclear Medicine) from each of the two hospitals. This position will also alternate each year. The medical director will be provided by the hospital that is not acting as the Manager for that particular year. Therefore, SVMC will provide the initial Medical Director for the LLC. *(October 3, 2005, Initial CON Submission, page 18)*

17. The Applicants indicate that the current PET-CT service for each hospital is owned and operated independently by each hospital. The proposed joint venture LLC will have equal ownership (50%/50%). *(October 3, 2005, Initial CON Submission, pages 19)*

**Financial Feasibility and Cost Effectiveness of the Proposal and its Impact on the Applicants' Rates and Financial Condition
 Impact of the Proposal on the Interests of Consumers of Health Care Services and the Payers for Such Services
 Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines**

18. There is no capital expenditure associated with this project. *(October 3, 2005, Initial CON application, page 20)*
19. The Applicants state that there are no incremental gains or losses from operations that are a direct result of the implementation of the proposal. *(October 3, 2005, Initial CON Submission, page 22)*
20. Bridgeport Hospital's current and projected payer mix is given in the table below:

Table 4: Bridgeport Hospital Current and Projected Payer Mix

Payer	Current Payer Mix	Year 1 Projected Payer Mix	Year 2 Projected Payer Mix	Year 3 Projected Payer Mix
Medicare	31.02%	31.02%	31.02%	31.02%
Medicaid	34.98%	34.98%	34.98%	34.98%
Champus or Tricare	0.00%	0.00%	0.00%	0.00%
Total Government	66.00%	66.00%	66.00%	66.00%
Commercial Insurers	32.59%	32.59%	32.59%	32.59%
Uninsured	1.41%	1.41%	1.41%	1.41%
Workers Compensation	0.00%	0.00%	0.00%	0.00%
Total Non-Government	34.00%	34.00%	34.00%	34.00%
Uncompensated Care	0.00%	0.00%	0.00%	0.00%
Total Payer Mix	100.00%	100.00%	100.00%	100.00%

(October 3, 2005, Initial CON Submission page 20)

21. St. Vincent's Medical Center current and projected payer mix is given in the table below:

Table 5: St. Vincent's Medical Center Current and Projected Payer Mix

Payer	Current Payer Mix	Year 1 Projected Payer Mix	Year 2 Projected Payer Mix	Year 3 Projected Payer Mix
Medicare	50.22%	50.22%	50.22%	50.22%
Medicaid	11.43%	11.43%	11.43%	11.43%
Champus or Tricare	0.03%	0.03%	0.03%	0.03%
Total Government	61.68%	61.68%	61.68%	61.68%
Commercial Insurers	32.29%	32.29%	32.29%	32.29%
Uninsured	4.25%	4.25%	4.25%	4.25%
Workers Compensation	1.78%	1.78%	1.78%	1.78%
Total Non-Government	38.32%	38.32%	38.32%	38.32%
Uncompensated Care	0.00%	0.00%	0.00%	0.00%
Total Payer Mix	100.00%	100.00%	100.00%	100.00%

(October 3, 2005, Initial CON Submission page 21)

22. LLC's projected payer mix is given in the table below:

Table 6: LLC's Projected Payer Mix

Payer	Year 1 Projected Payer Mix	Year 2 Projected Payer Mix	Year 3 Projected Payer Mix
Medicare	59.04%	59.04%	59.04%
Medicaid	6.90%	6.90%	6.90%
Champus or Tricare	0.00%	0.00%	0.00%
Total Government	65.94%	65.94%	65.94%
Commercial Insurers	34.06%	34.06%	34.06%
Uninsured	0.00%	0.00%	0.00%
Workers Compensation	0.00%	0.00%	0.00%
Total Non-Government	34.06%	34.06%	34.06%
Uncompensated Care	0.00%	0.00%	0.00%
Total Payer Mix	100.00%	100.00%	100.00%

(January 4, 2006, Subsequent CON Submission page 1)

23. There is no State Health Plan in existence at this time. *(October 3, 2005, Initial CON application, page 9)*
24. Each of the Applicants has adduced evidence that the proposal is consistent with their respective long-range plan. *(October 3, 2005, Initial CON application, page 9)*
25. The Applicants' proposal will improve productivity and contain costs within the area to be served. *(October 3, 2005, Initial CON application, page 9)*
26. The proposal will not result in any change to the teaching or research responsibilities of either Applicant. *(October 3, 2005, Initial CON application, page 16)*
27. There are no distinguishing characteristics of the Applicants' patient/physician mix that makes the proposal unique. *(October 3, 2005, Initial CON application, page 16)*
28. The Applicants have provided evidence that demonstrates they possess sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(October 3, 2005, Initial CON application, page 14)*
29. The Applicants' rates are sufficient to cover the operating costs. *(October 3, 2005, Initial CON application, page 192)*

Rationale

The Office of Health Care Access ("OHCA") approaches community and regional need for Certificate of Need ("CON") proposals on a case by case basis. CON applications do not lend themselves to general applicability due to a variety of factors, which may affect any given proposal; e.g. the characteristics of the population to be served, the nature of the existing services, the specific types of services proposed to be offered, the current utilization of services and the financial feasibility of the proposal.

Bridgeport Hospital ("Hospital") is an acute care general hospital, located at 267 Grant Street in Bridgeport, Connecticut. St. Vincent's Medical Center ("Hospital") is an acute care general hospital, located at 2800 Main Street in Bridgeport, Connecticut. Both Hospitals have been providing mobile PET services since the fall of 2002 and PET-CT services since August 2005.

The proposal of Bridgeport Hospital and St. Vincent's Medical Center, collectively termed the "Applicants", is to change the ownership for PET-CT services at BH and SVMC and develop a Joint Venture LLC The Southern Connecticut PET-CT, LLC ("LLC"), to offer Positron Emission Tomography ("PET") and PET-CT scanning services to residents and referring physicians in the proposed service area. The proposed project will be an integral diagnostic component of the comprehensive oncology and cardiac programs currently offered by the two hospitals. The proposed joint venture will consist of two phases, the first phase will combine the mobile PET-CT services provided by the two hospitals into a single coordinated service operated and managed by a single combined entity, and the second phase will involve requesting OHCA approval to convert the two mobile services into a single shared fixed-site PET-CT. Initially the LLC will be owned by the two hospitals. Eventually the ownership may be expanded to include the physician groups providing radiology services to the two hospitals. This CON application seeks approval of Phase I of the proposed joint venture which will be the establishment of The Southern Connecticut PET-CT, LLC, which will be designated as an IDTF and will offer mobile PET-CT services at both hospitals on different days during the week. The current mobile unit will continue to be used by each hospital, but all administrative and billing functions will be combined and operated under the LLC. Currently the Applicants offer PET-CT services via a mobile unit through their participation in the Fairfield County Mobile PET Collaborative.

The Applicants state that the purpose of the joint venture is to improve access, minimize duplicative functions, streamline operations and offer high quality PET-CT services. Currently there are no other existing providers of PET-CT services in the service area. Historically total PET scan volume at both Hospitals were 611, 664, and 465 for FY 2003, FY 2004, and FY 2005. This proposal is expected to have an overall positive impact. Specifically, consumers will experience improved service through easier access to PET-CT services through centralized scheduling. Consumers will also benefit from the joint involvement of clinicians from both Hospitals who will be focusing on the delivery of high quality services. The proposed LLC will enhance the quality and accessibility of PET-CT service in Bridgeport. Based on these findings, OHCA concludes that the proposed joint venture arrangement should be approved.

The proposal is financially feasible. The Applicant states that there are no incremental gains or losses from operations that are direct result of the implementation of the proposal. The Applicants' financial projections upon which they are based appear to be reasonable and achievable, therefore the CON proposal will not adversely impact the interests of consumers and payers of such services.

Based on the foregoing Findings and Rationale, the Certificate of Need Application of Bridgeport Hospital and St. Vincent's Medical Center to change the ownership for PET-CT services at Bridgeport Hospital and St. Vincent's Medical Center and develop a Joint Venture Limited Liability Company ("LLC") for PET-CT service located in Bridgeport, Connecticut, with no associated capital expenditure is hereby GRANTED.

Order

The proposal of Bridgeport Hospital ("Hospital") and St. Vincent's Medical Center ("Hospital"), collectively termed the "Applicants", to change the ownership for PET-CT services at Bridgeport Hospital and St. Vincent's Medical Center and develop a Joint Venture Limited Liability Company ("LLC") for PET-CT service located in Bridgeport, Connecticut, with no associated capital expenditure, is hereby authorized and is subject to the following conditions:

1. The Applicants' request to change the ownership for PET-CT services at Bridgeport Hospital and St. Vincent's Medical Center and develop a Joint Venture Limited Liability Company ("LLC") for PET-CT service, a not for-profit, limited liability company with each participant having a 50% ownership share, is hereby approved.
2. If the Applicants propose to change the ownership and/or location of services of the LLC a CON will be required.
3. The Southern Connecticut PET-CT, LLC shall become the new operating entity for the mobile-based PET-CT service at the Hospitals.
4. The Applicants shall file with OHCA a copy of the certification received from Medicare as being designated as an Independent Diagnostic Testing Facility ("IDTF").
5. The Applicants are approved only for Phase I of the proposed joint venture which will be the establishment of a joint venture company, The Southern Connecticut PET-CT, LLC ("LLC"), which will offer mobile PET-CT services at both hospitals on different days during the week.
6. The Applicants shall file with OHCA utilization statistics for the mobile PET-CT scanner on a quarterly basis for two full years of operation. Each quarterly filing shall be submitted to OHCA by no later than one month following the end of each reporting period (e.g., January, April, July and October). The initial report shall list the date on which the mobile PET-CT scanner commenced operation. The quarterly reports shall include the following information:
 - a. Total number of scans scheduled for the mobile PET-CT scanner;
 - b. Total number of scans performed by the mobile PET-CT scanner;
 - c. Average patient waiting time from the scheduling of the scan to the performance of the scan;
 - d. Number of scans by patient zip code;
 - e. Hours and days of operation for each week and in total; and
 - f. Number of scans by Medicare diagnostic code.

7. This authorization shall expire on January 11, 2008. Should the formation of The Southern Connecticut PET-CT, LLC, not be completed by that date, the Applicants must seek further approval from OHCA to complete the establishment of the LLC beyond that date.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Office of Health Care Access

January 11, 2006

Signed by Cristine A. Vogel
Commissioner

CAV: pf